

Small Purchases Procurement Card Program

SCOPE

The City of Baltimore has established a Small Purchases Procurement Card Program (SPPCP) for use by authorized Baltimore City government employees. This policy establishes standards for issuance and use of the Small Purchases Procurement Card (SPPC) under the program administered by the Bureau of Purchases. The program is designed to save the City time and money by allowing authorized purchasers a convenient alternative to an Expenditure Authorization (EA) to make inexpensive day-to-day purchases necessary for City operations. This program will eliminate the issuance of many Expenditure Authorizations, ensure prompt vendor payment, reduce the number of small dollar value checks, and facilitate the procurement of small dollar value items.

This policy does not replace Baltimore City Charter requirements or other Administrative Manual policies. Except as indicated elsewhere in this policy, the SPPC is subject to the same restrictions placed on EA use by AM-303-1.

DEFINITIONS AND ABBREVIATIONS

Activity Log - A log in which a Card Holder records all purchases made with his/her Small Purchase Procurement Card.

Agency Administrator - The person designated by the agency head to oversee the SPPC program in each agency and who serves as the liaison between the agency and the SPPCP Coordinator.

Card Holder - The permanent employee to whom a card is issued. This card bears the employee's name and may only be used by the employee to make authorized purchases for Baltimore City.

Card Provider - The bank or other financial institution that provides the SPPC.

Corporate Invoice - Summary invoice for monthly activity on all SPPC's issued by the City.

Individual Statement - Statement from SPPC provider bank listing all monthly activity on an individual SPPC.

MCCG - Merchant Category Code Group.

SPPC - Small Purchases Credit Card.

SPPCP - Small Purchases Credit Card Program.

SPPCP Coordinator - The person designated by the City Purchasing Agent to administer the SPPCP. In this capacity, the SPPCP Coordinator will serve as the focal point for, among other things, SPPCP applications, issuance and destruction of cards, establishment of reporting requirements, auditing of transactions, and training.

*m***Small Purchases Procurement Card Program****APPLICATION PROCESS**

Applicants must be City of Baltimore permanent employees.

An application package is available from the SPPCP Coordinator at the Bureau of Purchases. The package will include an application form and any other forms or agreements that may be required by the Card Provider. The completed application package, approved by the applicant's supervisor and agency head (or designee), shall be submitted to the SPPCP Coordinator for processing.

Prior to being issued an SPPC applicants must attend a Small Purchases Procurement Card Program training class which will be arranged by the SPPCP Coordinator when an application package is received.

PURCHASING LIMITS

Each Card Holder will have one or more of the following limits imposed on his/her Small Purchases Procurement Card:

- Credit limit for the cycle (month), set by the agency.
- Dollar limit per transaction, set by the Bureau of Purchases.
- Number of authorized transactions per day.
- Number of authorized transactions per cycle (month).
- Type of supplier from whom purchases can be made.
- Type of purchases made by item and/or category.

USE RESTRICTIONS

The primary responsibility for proper use of the SPPC rests with the Card Holder. As stated elsewhere, SPPC's may be used only for those items authorized for EAs by AM-303-1 or by this AM policy. Card Holders are accountable for every SPPC purchase, and each month must justify each purchase as being both necessary to City operations and in accordance with AM policy. (See Card Holder's Responsibilities section.)

Although this program permits individual purchases in the retail marketplace up to \$5000, actual purchase limits will be established on an agency by agency basis (but not to exceed \$5000, unless otherwise provided for in this policy).

TYPES OF MERCHANTS

SPPC's are coded so as to restrict their use to only certain classes of merchants. Merchants are identified as to their type of business by a Standard Merchant Category Code Group (MCCG). Allowed MCCG's are individually assigned to each card. These codes will allow a SPPC to be used only at those merchants within an authorized MCCG. MCCG's will be assigned by the Department of Finance according to the needs of the requesting agencies and in compliance with existing City purchasing policies.

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The fact that MCCG's are allowed for a particular card does not mean purchases are automatically authorized for merchants within that MCCG. The test of whether a purchase is authorized is not whether it "goes through" for a particular merchant, but whether it complies with this AM policy.

EMERGENCY USE

To meet emergency requirements as defined in the City Charter, the City Purchasing Agent, at the direction of the Director of Finance, may remove restrictions on card use and increase dollar limits to the extent necessary to cope with the emergency; however, Card Holders must still record and report each purchase as required elsewhere in this policy.

MBE/WBE PURCHASES

Each agency is responsible for establishing a method for capturing and reporting MBE/WBE purchasing data, as required by City regulations.

CARD DESCRIPTION

Each card is embossed with the Card Holder's name and shows the City of Baltimore's tax exempt number. The card identifies (electronically) purchase limitations set for that Card Holder and the authorized merchant codes. *It is the Card Holder's responsibility to communicate to the merchant that purchases are tax exempt; this is not an automatic process.*

USE OF CARD

The Card Holder must use "good purchasing judgment" for all purchases. The Card Holder agrees to strive to obtain the best value for the City and agrees not to make excessive or unnecessary purchases with the card.

Within each agency, the Agency Administrator shall direct all authorized SPPC Card Holders as to which items are approved for purchase and where.

Specifics

- All items purchased must be immediately available. Items may not be back-ordered.
- All items purchased by a telephone order or Internet must be delivered within the 30-day billing cycle.
- Card Holder may not charge personal purchases, even with the intention of reimbursing the City.
- Automatic renewals and recurring automatic payments are prohibited. (For example, automatically renewed subscriptions and Internet service provider monthly charges are prohibited.)

The Agency Administrator shall direct the maintenance of SPPC control logs for all authorized card holders within his/her agency. A log must be used to document purchases. Logs with sales receipts attached must be retained by the Agency Administrator for three years.

Small Purchases Procurement Card Program**PROCESSING STATEMENTS FOR PAYMENT**

Each card issued will be encoded with a 15-digit account number, using the usual first 12 digits of the City account number, but with Object Sub-Object “780” as the last three digits. Each agency fiscal officer will be responsible for assigning account numbers for the cards in his/her agency.

The Card Holder must keep an Activity Log to record all SPPC purchases. In addition to information on the date and nature of each transaction, the log must also include the 15-digit account number to which the purchase should be charged. All receipts and any other pertinent information relative to the transaction must be attached to the Activity Log and forwarded to the Agency Administrator who will keep it for a period of three years from the date of purchase.

At the end of each monthly billing cycle, the Card Holder will receive an Individual Statement of transactions that were charged to his/her account for the period. It must be checked for accuracy against the Card Holder’s Activity Log. If the statement is correct, a Journal Entry request is prepared according to agency procedures, debiting the budget account numbers recorded in the log and crediting object/sub-object 780. The journal entry total and the statement total should match. If a discrepancy exists and it cannot be resolved, a discrepancy report must be prepared and submitted to the bank by the Card Holder or Agency Administrator.

The Agency Administrator must verify and sign the Card Holder’s Activity Log and Individual Statement. Copies of the Individual Statement, Activity Log (without receipts), and Journal Entry request must be forwarded both to the Bureau of Accounting and Payroll Services (for processing) and to the SPPCP Coordinator in the Bureau of Purchases (for oversight) within 15 workdays from the receipt of the Individual Statement. (The originals and receipts remain with the Agency Administrator.)

An agency file for all SPPC documentation, including all receipts, must be centrally located and maintained for a period of three years from the date of purchase. Receipts shall not be sent to the Bureau of Accounting and Payroll Services or the Bureau of Purchases, unless specifically requested for audit purposes.

If the Card Holder is not available to review, certify, and submit the reconciled statement to Accounting Operations within the stated time period, the Agency Administrator is responsible for reviewing and certifying the Card Holder’s Individual Statement within the time allowed.

Failure to abide by the procedures outlined herein will result in the cancellation of the SPPC for that Card Holder, and may result in disciplinary action.

DEFECTIVE MERCHANDISE AND DISPUTED ITEMS

For items purchased and found to be defective the Card Holder shall return the item(s) to the supplier, who will initiate a credit to appear on the subsequent month’s bank statement.

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When a Card Holder discovers an incorrect amount has been charged for goods and/or services received, or a questionable purchase or transaction appears on the monthly bank statement, the Card Holder must immediately seek to resolve the problem with the vendor.

If no resolution can be made with the vendor, a Card Holder Statement of Disputed Item form (forms are provided by the SPPCP Coordinator when the SPPC issued) should be forwarded to the Card Provider for handling. It is important to note that the form should be forwarded to Card Provider as soon as the discrepancy occurs, but not later than sixty (60) days after the appearance of the item on the Card Holder's Individual Statement. Forms for this purpose are provided during Card Holder training.

The Card Provider will issue an adjustment to the balance due until resolution of the dispute. If the resolution of the dispute results in a credit, it will be posted to the Card Holder's account.

The Card Holder should post the credit to the Activity Log and verify that the credit appears on the subsequent monthly bank statement.

LOST OR STOLEN CARDS

In the event a SPPCP card is lost or stolen, the Card Holder must immediately report it to the Card Provider and the Agency Administrator. The Card Holder will receive an emergency replacement card, usually within 48 hours.

DISCIPLINARY ACTION FOR VIOLATIONS

Employees who violate or abuse the Small Purchases Procurement Card Program will incur disciplinary action up to and including termination in addition to possible legal action.

CARD HOLDER'S RESPONSIBILITIES

All SPPC holders must:

- Be familiar with this policy.
- Sign the Card Holder Agreement.
- Sign the Authorization for Wage Reduction, AM-309-1-1.
- Attend training and retraining sessions in proper use when scheduled by the Bureau of Purchases.
- Keep the SPPC in a secure place, not allow anyone else to use the card, and follow the rules outlined in this AM policy.

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- Reconcile the monthly Activity Log with the Individual Statement and submit it to the Agency Administrator.
- Prepare the Journal Entry request. (In some agencies, this may be the Agency Administrator's responsibility.)
- Immediately notify the Card Provider and Agency Administrator when a card is lost or stolen.

SUPERVISOR'S RESPONSIBILITIES

In cases where an employee does not properly use the procurement card, the Card Holder's supervisor must apply discipline utilizing current policy and procedures.

If an employee leaves City service without an exit interview, the supervisor must notify the SPPCP Coordinator immediately to cancel the SPPC.

AGENCY ADMINISTRATOR'S RESPONSIBILITIES

Each agency's designated Agency Administrator must keep a consolidated file of all purchase logs and receipts for each purchase made by each agency Card Holder.

Each Agency Administrator must keep these records for at least three years from the time of the purchases made by employees.

On a monthly basis, each Agency Administrator must verify employees' purchases by signing each employee's purchase log and monthly bank statement. Submissions of the verified purchases must be made to the Bureau of Purchases within 15 days of the receipt of bank statements. If verification is not submitted within 15 days, the Bureau of Purchases' SPPCP Coordinator will refer the matter to the respective agency's bureau and agency heads and the City's Purchasing Agent.

In cases where a Card Holder's privileges are revoked, the Agency Administrator must immediately notify the Bureau of Purchases, whereby the Bureau's Procurement Card Coordinator will contact the Card Provider to terminate the SPPC. Terminated cards must be cut in two and delivered to the Bureau of Purchases within 24 hours.

In cases where a Card Holder has made an unauthorized purchase, the Agency Administrator must send to the Bureau of Purchases, SPPCP Coordinator:

- Reimbursement through wage reduction from the Card Holder to the City for the unauthorized purchase;
- A letter from the supervisor outlining the disciplinary steps taken against the employee; and

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- Evidence that the Card Holder's privileges have been revoked. (The Card Holder's privileges shall remain revoked until reinstated by the Director of Finance. See "Agency Head Responsibilities" below.)

The Agency Administrator must fully cooperate and produce documentation when an audit of the card is conducted by the Bureau of Purchases. If the required documentation is not provided, the Agency Administrator will be subject to disciplinary action.

The Agency Administrator must immediately inform the agency head of any concerns or possible violations of any card's usage.

AGENCY HEAD RESPONSIBILITIES

Agency heads are responsible for the oversight of the Small Purchases Procurement Card Program and for setting policy regarding SPPC use within their agencies.

Agency heads are responsible for establishing a method for capturing and reporting information on MBE/WBE purchases, as required by City regulations.

Agency heads shall review and, when requested, comment on SPPC audits of individual Card Holder accounts conducted by the Bureau of Purchases.

Any failure by the Card Holder to abide by the procedures outlined in this AM policy will result in the immediate revocation of a Card Holder's privileges. Agency Heads with a compelling reason for doing so may request restoration of SPPC privileges to the original Card Holder by sending a signed letter to the City Purchasing Agent requesting the restoration and indicating the following:

- The name of the individual for whom restoration of privileges is sought.
- The reason his or her privileges were revoked.
- Disciplinary or other actions taken to address the original revocation.
- Actions taken to prevent a recurrence.
- An explanation of why it is necessary and critical to the agency's operations for the specific individual's card privileges to be restored despite the abuse that has occurred.

BUREAU OF PURCHASES RESPONSIBILITIES

The City Purchasing Agent shall review requests for restoration of SPPC privileges and forward them to the Director of Finance for consideration, along with a recommendation as to whether restoration would be in the best interest of the City. (See also Agency Head Responsibilities section.)

The Bureau will also:

- Provide initial training of employees who will be Card Holders, and re-training of Card Holders as needed.

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- Maintain a log of all Small Purchases Procurement Card Program users.
- Perform at least 10 monthly audits of individual Card Holder accounts, and forward results to the Agency Head concerned for review and comment (when appropriate).
- Forward the Corporate Invoice to the Bureau of Accounting and Payroll Services for payment when received from the Card Provider.

RELATED POLICIES AND FORM

AM-309-1-1 AUTHORIZATION FOR WAGE REDUCTION

AM-301-1 PURCHASES

AM-303-1 DIRECT PAYMENT ORDER

AM-303-2 CITY'S TAX EXEMPTION NUMBER

